PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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IRS-Criminal Investigation and Justice Department Reminds Taxpayers That Willful Failure to Comply with Our Nation's Tax Laws is a Crime

Highlights Focus on Traditional Tax Enforcement

With the annual tax return filing deadline approaching, the Justice Department's Tax Division reminds U.S. taxpayers that willful failure to comply with our nation's tax laws is a crime. Whether they willfully fail to file returns, file false returns, or evade tax due, taxpayers who cheat will face serious consequences including prison and monetary sanctions.

"Paying taxes is not a choice but a responsibility," said Chief Richard Weber of the Internal Revenue Service-Criminal Investigation (IRS-CI). "IRS-Criminal Investigation works with our partners at the Department of Justice to enforce our nation's tax laws and ensure that we are all playing by the same rules. IRS-CI special agents are specifically trained to investigate complex financial fraud, and bring their considerable skill and experience to these investigations. Those who think they can evade our efforts will find they are terribly mistaken."

"Our nation depends on all taxpayers, regardless of age, profession or economic status, to file accurate returns and promptly pay their taxes," said Acting Assistant Attorney General Caroline D. Ciraolo of the Justice Department's Tax Division. "Individuals and businesses that willfully fail to comply with their legal responsibilities harm not only the U.S. Treasury, but also all Americans who are paying their fair share. The department is committed to continuing to aggressively prosecute those individuals who seek to circumvent U.S. tax laws."

Over the past year, the Tax Division and the U.S. Attorney's Offices have worked closely with the IRS and other law enforcement partners to enforce the nation's tax laws fully, fairly and consistently through criminal investigations and prosecutions across the country.

Failure to File Tax Returns and Failure to Pay Taxes

- In April 2016, James Redding, the president of an interior construction business in the District of Columbia and Maryland, was sentenced to two years in prison for failing to pay over $1.4 million in income and employment taxes. Redding also filed false tax returns on behalf of himself and his wife and on behalf of his business. Instead of paying his company's employment taxes, Redding used company funds to pay the company's creditors and for the benefit of himself and his family members. This case was prosecuted by the U.S. Attorney's Office for the District of Columbia.

- In September 2015, Thomas Tilley, a businessman in North Carolina, was sentenced to 32 months in prison and ordered to pay more than $7 million in restitution to the IRS for a decades-long scheme, which included his failure to file returns despite earning a substantial income, sending fraudulent financial instruments to the IRS in an effort to discharge his tax debt, using nominee entities and sham trusts to purchase and sell real estate and placing false liens on his properties to prevent the IRS from collecting his taxes. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the Middle District of North Carolina.

- In June 2015, Ronald Martin, the former owner and operator of a New Hampshire construction company, pleaded guilty to three counts of tax evasion. Martin failed to file corporate or individual tax returns despite the fact that his company generated more than $1 million in gross revenue over a three year period. Martin also attempted to conceal the business revenue from the IRS by directing that payments be made in his nephew's name, depositing only a fraction of the business receipts into the business's bank accounts, and diverting a significant portion to his personal use. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the District of New Hampshire.

Filing False Tax Returns

- In March 2016, Lorenzo Shane Stewart, the owner of an excavation and construction business in Illinois, was sentenced to 30 months in prison following his guilty plea to tax evasion. Stewart failed to report his business income on his tax returns and failed to pay more than $1.12 million in income taxes. This case was prosecuted by the U.S. Attorney's Office for the Central District of Illinois.

- In February 2016, Avan Nguyen, the owner of a wholesale beauty supply business in Texas, was sentenced to three years in prison, ordered to forfeit $1.1 million, and ordered to pay restitution to the IRS for aiding and assisting in the filing of a false tax return. Nguyen caused a tax return to be filed for his company that omitted nearly $5 million of income. This case was prosecuted by the U.S. Attorney's Office for the Northern District of Texas.

- In November 2015, Tammy Denise Westbrooks, a Texas resident and manager of a tax return preparation business in Charlotte, North Carolina, was convicted for filing false tax returns and attempting to obstruct the IRS. Westbrooks underreported her net business profit by inflating her business expenses, paid workers in cash, and failed to file the required Forms W-2 and 1099 to report workers' compensation to the government. This case was prosecuted by the Tax Division.

Concealing Income and Assets Through Nominee Entities and Offshore Bank Accounts

- In April 2016, Michael D. Brandner, an Alaska plastic surgeon, was sentenced to four years in prison for wire fraud and tax evasion. After his wife filed for divorce, Brandner collected millions of dollars in marital assets and drove from Tacoma, Washington, to Costa Rica, where he opened two bank accounts into which he deposited over $350,000 in cash and hid a thousand ounces of gold in a safe deposit box. He then traveled to Panama where he opened an account under the name of a sham corporation and in 2008, deposited $4.6 million into the account. Brandner concealed both the existence of the accounts and the interest income earned on those accounts from the court in the divorce proceedings and from the IRS. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the District of Alaska.

- In January 2016, Gregory Claxton, a Michigan certified public accountant and tax return preparer, pleaded guilty to tax evasion after he concealed assets from the IRS to avoid paying nearly $150,000 in taxes. Claxton admitted he deposited the proceeds of his business into bank accounts in his wife's name to avoid the appearance that he had the ability to pay his income taxes. Claxton also admitted that, just two days prior to meeting with the IRS to discuss his ability to pay his outstanding tax bill, he transferred title to his house to a trust in his wife's name in an effort to thwart IRS collection efforts. This case was prosecuted by the U.S. Attorney's Office for the Western District of Michigan.

- In October 2015, Terry Myr, a Michigan mechanic, who specialized in repairing classic and rare cars, including Ferraris, was sentenced to two years in prison for tax evasion and failure to file tax returns. Myr attempted to prevent the IRS from collecting nearly $200,000 in taxes by transferring property to third parties, using nominee companies and dealing in cash. Myr also failed to file tax returns for multiple years to report his income to the government. This case was prosecuted by the Tax Division.

Using Businesses to Pay Personal Expenses

- In March 2016, Faiger Blackwell, the owner of a North Carolina funeral home and other businesses, was sentenced to two years in prison for tax fraud and bankruptcy fraud. Blackwell filed for bankruptcy after accumulating more than $300,000 in federal taxes and more than $1 million in other debts. During the bankruptcy proceedings, Blackwell concealed rental income and used the money to pay for business and personal expenses. After the IRS levied one of Blackwell's business bank accounts, he set up another company and corresponding bank accounts to divert and conceal funds and circumvent the levy. Blackwell used these funds to pay business and personal expenses, including paying for a cruise. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the Middle District of North Carolina.

- In September 2015, Sheila Mohammed, a doctor in Florida, was sentenced to one year in prison and ordered to pay restitution for filing false income tax returns for herself and her medical practice. Mohammed used the more than one million dollars she failed to disclose to the IRS to purchase vehicles and properties in Florida, Hawaii and New Mexico. This case was prosecuted by the U.S. Attorney's Office for the Northern District of Florida.

Obstructing IRS Efforts to Assess and Collect Taxes

- In January 2016, James S. Faller II, a former private investigator and legal consultant in Kentucky, was sentenced to serve three years in prison for obstructing the IRS, tax evasion and failing to file tax returns. Faller failed to file tax returns to report his income, which ranged from $126,000 to $289,000 per year, and attempted to hide his income from the IRS by having his income paid to a nominee and using nominee bank accounts. Faller also signed and submitted a false Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals, to an IRS revenue officer as part of the IRS's efforts to collect his unpaid taxes. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the Eastern District of Kentucky.

- In August 2015, F. William Messier, a Maine businessman who earned income by leasing telecommunications towers located on his property, was sentenced to one year and one day in prison for conspiracy to defraud the United States and corruptly endeavoring to impair and impede the due administration of the internal revenue laws. Messier attempted to obstruct the IRS by, among other things, providing false tax documents to customers, submitting a fake money order and other false documents to the IRS, and dealing extensively in cash. This case was prosecuted jointly by the Tax Division and the U.S. Attorney's Office for the District of Maine.

- In April 2015, John Fall, a Rhode Island real estate consultant, was sentenced to 30 months in prison for obstructing the IRS, tax evasion, and aiding in the filing of false corporate tax returns. Fall used nominee entities and business names to conceal his business and financial transactions, caused false tax returns to be filed in the name of his wife's dental practice, and attempted to obstruct an IRS audit by encouraging his wife's accountant not to provide information to the IRS and providing false documents during the audit. This case was prosecuted by the Tax Division.

"The Justice Department, along with our colleagues in the IRS, will continue to identify and vigorously pursue those engaged in tax crimes," said Acting Assistant Attorney General Ciraolo. "These efforts are critical to the continued integrity of our national tax system and send a strong message to those individuals who make good faith efforts to comply with their tax obligations that we will hold accountable those who do not. If someone suspects or knows of an individual or a business that is not complying with the tax laws, we encourage them to report that information to the IRS."

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